

COUNTY OF ALPENA, MICHIGAN

Federal Financial Assistance Compliance Audit
(Single Audit)

For The Year Ended December 31, 2006

STRALEY, ILSLEY & LAMP P.C.

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To the Board of Commissioners
County of Alpena, Michigan

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Alpena, Michigan, as of and for the year ended December 31, 2006, which collectively comprise the County of Alpena, Michigan's basic financial statements and have issued our report thereon dated May 31, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the financial statements of the Alpena General Hospital, representing 64% of the assets, 53% of the net assets, and 88% of the revenues of the discretely presented component units, and the Alpena County Road Commission, representing 31% of the assets, 42% of the net assets, and 5% of the revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it related to the amounts included for the Alpena General Hospital and the Alpena County Road Commission is based solely on the report of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Alpena, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Alpena, Michigan's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of Alpena, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County of Alpena, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the County of Alpena, Michigan's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County of Alpena, Michigan's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Alpena, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County of Alpena, Michigan, in a separate letter dated May 31, 2007.

This report is intended solely for the information and use of management, the County Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Straley, Isley & Lamp P.C.

May 31, 2007



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To the Board of Commissioners
County of Alpena, Michigan

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND SUPPLEMENTAL SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE.

Compliance

We have audited the compliance of County of Alpena, Michigan, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. County of Alpena, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of County of Alpena, Michigan's management. Our responsibility is to express an opinion on County of Alpena, Michigan's compliance based on our audit.

The County of Alpena, Michigan's basic financial statements include the operations of the Alpena County Road Commission, which received \$ 825,085 in federal awards, which is not included in the schedule during the year ended December 31, 2006. Our audit, described below, did not include the operations of the Alpena County Road Commission because they engaged other auditors to perform an audit in accordance with (OMB) Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Alpena, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Alpena, Michigan's compliance with those requirements.

In our opinion, County of Alpena, Michigan, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal financial assistance programs for the year ended December 31, 2006.

Internal Control Over Compliance

The management of the County of Alpena, Michigan, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Alpena, Michigan's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the County of Alpena, Michigan's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Federal Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Alpena, Michigan, as of and for the year ended December 31, 2006, which collectively comprise the County of Alpena, Michigan's basic financial statements and have issued our report thereon dated May 31, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County of Alpena, Michigan's, basic financial statements. The accompanying schedule of Federal Financial Assistance is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the County Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Straley, Isley & Lamp P.C.

May 31, 2007

County of Alpena

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the year ended December 31, 2006

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
<u>U.S. Department of Agriculture</u>			
Direct program:			
Rural Development Housing Preservation Program	10.433		
Rural Development Housing - 05/06			\$ 29,928
Rural Development Housing - 06/07			17,342
			<u>47,270</u>
Passed through State of Michigan			
Department of Community Health:			
Special Supplemental Nutrition Program	10.557		
4275-W.I.C. - 05/06		XX4W1006	259,230
4275-W.I.C. - 06/07		XX4W1006	259,205
			<u>518,435</u>
Total U.S. Department of Agriculture			<u>565,705</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Michigan State Housing			
Development Authority:			
Community Development Block Grant	14.219	MSC 05-0756-HOA	200,000
Total U.S. Department of Housing			
and Urban Development			<u>200,000</u>
<u>U.S. Department of Justice</u>			
Passed through State of Michigan			
Department of Human Services:			
Juvenile Accountability Incentive Block Grants	16.523		
JAIBG - Juvenile grant - 05/06		JABGN 05-04001	9,239
JAIBG - Juvenile grant - 05/06		JABGN 06-04001	7,982
JAIBG - Juvenile grant - 06/07		JABGN 06-04001	6,306
Total Passed Through State of Michigan			
Department of Human Services			<u>23,527</u>

<u>Revenue Accrued (Deferred) at Dec. 31,2005</u>	<u>Prior Year (s) Expenditures</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Revenue Accrued (Deferred) at Dec. 31,2006</u>	<u>Total Expenditures</u>
\$ -	\$ -	\$ 29,928	\$ 29,928	\$ -	\$ 29,928
-	-	-	5,000	5,000	5,000
-	-	29,928	34,928	5,000	34,928
-	59,700	199,530	199,530	-	259,230
-	-	64,800	64,800	-	64,800
-	59,700	264,330	264,330	-	324,030
-	59,700	294,258	299,258	5,000	358,958
-	88,248	111,752	111,752	-	200,000
-	88,248	111,752	111,752	-	200,000
1,155	6,824	3,570	2,415	-	9,239
-	-	7,982	7,982	-	7,982
-	-	965	2,895	1,930	2,895
1,155	6,824	12,517	13,292	1,930	20,116

See the accompanying notes to Schedule of Federal Assistance.

County of Alpena

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the year ended December 31, 2006

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>
<u>U.S. Department of Justice - (continued)</u>			
Passed through State of Michigan Department of Community Health:			
Byrne Formula Grant Program	16.579		
Huron Undercover Narcotics Team			
Multi Jurisdictional Task Force		2006-0971	\$ 165,000
Multi Jurisdictional Task Force		2007-0971	125,000
Total Passed Through State of Michigan Department of Community Health			<u>290,000</u>
Total U.S. Department of Justice			<u>313,527</u>
<u>U.S. Environmental Protection Agency</u>			
Passed through Michigan Department of Environmental Quality:			
Capital Grant for Drinking Water Revolving Fund	66.468		
Arsenic Rule Implementation - 04/05		PCA 41838	1,913
Arsenic Rule Implementation - 05/06		PCA 41867	1,750
Capacity Development - 05/06		PCA 41868	1,050
			<u>4,713</u>
Reimburse Operators of Small Water Systems	66.471		
Operator Certification - 04/05		PCA 41813	6,475
Operator Certification - 05/06		PCA 79054	9,800
			<u>16,275</u>
Beach Monitoring and Notification Program	66.472		
Inland Lakes Beach Monitoring Project		N/A	13,909
Inland Beach Monitoring Project		N/A	13,020
			<u>26,929</u>
Total U.S Environmental Protection Agency			<u>47,917</u>

* Major Program

Revenue Accrued (Deferred) at Dec. 31,2005	Prior Year (s) Expenditures	Receipts	Expenditures	Revenue Accrued (Deferred) at Dec. 31,2006	Total Expenditures
\$ 603	\$ 603	\$ 124,426	\$ 123,823	\$ -	\$ 124,426
-	-	27,714	31,672	3,958	31,672
603	603	152,140	155,495	3,958	156,098
1,758	7,427	164,657	168,787	5,888	176,214
216	863	216	-	-	863
262	262	1,662	1,400	-	1,662
-	-	924	924	-	924
478	1,125	2,802	2,324	-	3,449
1,150	4,600	1,150	-	-	4,600
1,400	1,400	5,600	4,200	-	5,600
2,550	6,000	6,750	4,200	-	10,200
-	-	13,909	13,909	-	13,909
-	-	5,455	8,179	2,724	8,179
-	-	19,364	22,088	2,724	22,088
3,028	7,125	28,916	28,612	2,724	35,737

See the accompanying notes to Schedule of Federal Assistance.

County of Alpena

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the year ended December 31, 2006

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount
<u>U.S. Department of Health and Human Services</u>			
Passed through State of Michigan Department of Community Health:			
Family Planning Services	93.217		
4281-Family Planning - 05/06		05H000173	\$ 59,629
4281-Family Planning - 06/07		05H000173	50,620
			<u>110,249</u>
Childhood Immunization Grants	93.268		
1300-Immunization - IAP - 04/05		H23 CCH522556	26,767
1300-Immunization - IAP - 05/06		H23 CCH522556	26,408
1300-Immunization - IAP - 06/07		H23 CCH522556	26,830
Fixed Unit - Immunization AFIX - 05/06		H23 CCH522556	-
Vaccines provided - 05/06		H23 CCH522556	338,044
			<u>418,049</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283		
1351-BCCCP Coordination - 06/07		U57 CCU506738	32,107
1352-CDI-Breast and Cervical Cancer- 05/06		U58 CCU522826	29,821
1352-CDI-Breast and Cervical Cancer- 05/06		U57 CCU506738	41,367
1353-Cancer Family Planning - 06/07		U57 CCU506738	1,650
1357-Cancer Wisewoman Coord - 06/07		U58 CCU522826	1,865
1589-Bioterrorism Pandemic Flu - 05/06		CCU517018	28,734
1589-Bioterrorism Pandemic Flu - 05/06		CCU517018	15,139
1590-Bioterrorism Focus A - 05/06		CCU517018	193,515
1590-Bioterrorism Focus A - 05/06		CCU517018	7,677
1590-Bioterrorism Focus A - 06/07		CCU517018	163,034
			<u>312,091</u>
Medical Assistance Program	93.778		
4356-Case Management Services - 05/06		5XX05MI5048	17,562
4356-Case Management Services - 06/07		5XX05MI5048	16,891
Fixed Unit - CSHCS Care Coordination - 05/06		5056M15048	-
Fixed Unit - CSHCS Care Coordination - 06/07		5056M15048	-
Fixed Unit - Medicaid Outreach - 05/06		5056M15048	-
Fixed Unit - Medicaid Outreach - 06/07		5056M15048	-
			<u>34,453</u>

* Major Program

Revenue Accrued (Deferred) at Dec. 31,2005	Prior Year (s) Expenditures	Receipts	Expenditures	Revenue Accrued (Deferred) at Dec. 31,2006	Total Expenditures
\$ -	\$ 13,908	\$ 45,721	\$ 45,721	\$ -	\$ 59,629
-	-	12,654	12,654	-	12,654
-	13,908	58,375	58,375	-	72,283
(196)	26,767	(196)	-	-	26,767
-	6,603	19,805	19,805	-	26,408
-	-	6,707	6,707	-	6,707
-	-	4,650	4,650	-	4,650
-	-	338,044	338,044	-	338,044
(196)	33,370	369,010	369,206	-	402,576
-	-	8,028	8,028	-	8,028
-	7,455	22,366	22,366	-	29,821
-	11,250	30,117	30,117	-	41,367
-	-	414	414	-	414
-	-	466	466	-	466
-	-	28,734	28,734	-	28,734
-	-	-	15,139	15,139	15,139
-	48,438	145,077	145,077	-	193,515
-	-	7,677	7,677	-	7,677
-	-	40,758	40,758	-	40,758
-	67,143	227,174	242,313	15,139	309,456
-	4,389	13,173	13,173	-	17,562
-	-	4,222	4,222	-	4,222
-	-	10,760	14,120	3,360	14,120
-	-	-	4,100	4,100	4,100
-	-	12,413	17,447	5,034	17,447
-	-	-	5,240	5,240	5,240
-	4,389	40,568	58,302	17,734	62,691

See the accompanying notes to Schedule of Federal Assistance.

County of Alpena

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the year ended December 31, 2006

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount
<u>U.S. Department of Health and Human Services - (continued)</u>			
Passed through State of Michigan			
Department of Community Health - (continued):			
HIV Prevention Health Department Based	93.940		
Fixed Unit - AIDS/HIV Prevention - 05/06		U62-CCU523464	\$ -
Fixed Unit - AIDS/HIV Prevention - 06/07		U62-CCU523464	-
			-
Maternal and Child Health Services	93.994		
4262-Local MCH - 05/06		B1MIMCHS	55,244
4262-Local MCH - 06/07		B1MIMCHS	55,244
4262-Local MCH (Child Health) - 05/06		B1MIMCHS	7,335
4262-Local MCH (Child Health) - 06/07		B1MIMCHS	7,335
4281-Family Planning - 05/06		B1MIMCHS	12,005
4281-Family Planning - 06/07		B1MIMCHS	12,521
4356-Case Management Services - 05/06		B1MIMCHS	10,931
4356-Case Management Services - 06/07		B1MIMCHS	11,135
			171,750
Total Passed Through State of Michigan			1,046,592
Department of Community Health			
Passed through State of Michigan			
Department of Human Services:			
Promoting Safe and Stable Families	* 93.556		
Day One - Alpena County - 05/06		CAN 05-04001	110,689
Day One - Alpena County - 06/07		CAN 05-04001	30,109
			140,798
Temporary Assistance for Needy Families	* 93.558		
0-3 Toddler - Alpena County - 05/06		CTFPR 05-04001	123,244
0-3 Toddler - Alpena County - 06/07		CTFPR 05-04001	123,244
0-3 Toddler - Montmorency County - 05/06		CTFPR 05-60001	71,371
0-3 Toddler - Montmorency County - 06/07		CTFPR 05-60001	71,371
Day One - Alpena County - 05/06		CAN 05-04001	78,039
Day One - Alpena County - 06/07		CAN 05-04001	21,228
			488,497

* Major Program

Revenue Accrued (Deferred) at Dec. 31,2005	Prior Year (s) Expenditures	Receipts	Expenditures	Revenue Accrued (Deferred) at Dec. 31,2006	Total Expenditures
\$ 26	\$ 26	\$ 26	\$ -	\$ -	\$ 26
-	-	-	43	43	43
<u>26</u>	<u>26</u>	<u>26</u>	<u>43</u>	<u>43</u>	<u>69</u>
-	13,812	41,432	41,432	-	55,244
-	-	13,812	13,812	-	13,812
-	1,833	5,502	5,502	-	7,335
-	-	1,833	1,833	-	1,833
-	2,802	9,203	9,203	-	12,005
-	-	3,130	3,130	-	3,130
-	2,733	8,198	8,198	-	10,931
-	-	2,783	2,783	-	2,783
-	<u>21,180</u>	<u>85,893</u>	<u>85,893</u>	-	<u>107,073</u>
<u>(170)</u>	<u>140,016</u>	<u>781,046</u>	<u>814,132</u>	<u>32,916</u>	<u>954,148</u>
13,055	29,736	94,008	80,953	-	110,689
-	-	17,691	30,109	12,418	30,109
<u>13,055</u>	<u>29,736</u>	<u>111,699</u>	<u>111,062</u>	<u>12,418</u>	<u>140,798</u>
-	30,811	92,433	92,433	-	123,244
-	-	30,811	34,634	3,823	34,634
-	17,843	53,528	53,528	-	71,371
-	-	17,843	19,446	1,603	19,446
9,204	20,965	66,278	57,074	-	78,039
-	-	12,472	21,228	8,756	21,228
<u>9,204</u>	<u>69,619</u>	<u>273,365</u>	<u>278,343</u>	<u>14,182</u>	<u>347,962</u>

See the accompanying notes to Schedule of Federal Assistance.

County of Alpena

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

For the year ended December 31, 2006

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount
<u>U.S. Department of Health and Human Services - (continued)</u>			
Passed through State of Michigan Department of Human Services - (continued)			
Child Support Enforcement	* 93.563		
Friend of the Court - 04/05		CS/FOC-05-04001	\$ 293,119
Friend of the Court - 05/06		CS/FOC-06-04001	284,028
Friend of the Court - 06/07		CS/FOC-07-04001	69,350
Prosecuting Attorney - 05/06		CS/PA-06-04002	29,207
Prosecuting Attorney - 06/07		CS/PA-07-04002	7,701
			<u>683,405</u>
Foster Care	93.658		
Prosecuting Attorney - 2006		PRO/FC-05-04001	2,824
Prosecuting Attorney - 2007		PRO/FC-05-04001	1,824
			<u>4,648</u>
Total passed through State of Michigan Department of Human Services			<u>1,317,348</u>
Total U.S. Department of Health and Human Services			<u>2,363,940</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Michigan State Police Emergency Management Division:			
Emergency Management Performance Grants	97.042		
Local Assistance Grant - 05/06		120204-006	11,196
			<u>11,196</u>
Citizen Corps	97.053		
Community Emergency Response Team		ODPMCC/F-20/04	31,646
			<u>31,646</u>
State Domestic Preparedness Equipment	97.067		
SHSGP Equipment		2005 SHSP	18,563
SHSGP Equipment		2006 SHSP	22,000
Equipment Solutions Area		02105J	158,796
			<u>199,359</u>
Total U.S. Department of Homeland Security			<u>242,201</u>
Total Federal Financial Assistance			<u>\$ 3,733,290</u>

* Major Program

Revenue Accrued (Deferred) at Dec. 31,2005	Prior Year (s) Expenditures	Receipts	Expenditures	Revenue Accrued (Deferred) at Dec. 31,2006	Total Expenditures
\$ 29,300	\$ 293,119	\$ 29,300	\$ -	\$ -	\$ 293,119
67,252	67,252	284,028	216,776	-	284,028
-	-	45,932	69,350	23,418	69,350
6,850	6,850	29,207	22,357	-	29,207
-	-	2,402	7,701	5,299	7,701
<u>103,402</u>	<u>367,221</u>	<u>390,869</u>	<u>316,184</u>	<u>28,717</u>	<u>683,405</u>
492	747	2,569	2,077	-	2,824
-	-	626	1,383	757	1,383
<u>492</u>	<u>747</u>	<u>3,195</u>	<u>3,460</u>	<u>757</u>	<u>4,207</u>
<u>126,153</u>	<u>467,323</u>	<u>779,128</u>	<u>709,049</u>	<u>56,074</u>	<u>1,176,372</u>
<u>125,983</u>	<u>607,339</u>	<u>1,560,174</u>	<u>1,523,181</u>	<u>88,990</u>	<u>2,130,520</u>
-	2,617	8,579	8,579	-	11,196
-	<u>2,617</u>	<u>8,579</u>	<u>8,579</u>	-	<u>11,196</u>
239	31,023	239	-	-	31,023
<u>239</u>	<u>31,023</u>	<u>239</u>	-	-	<u>31,023</u>
8,200	8,200	18,564	10,364	-	18,564
-	-	22,000	22,000	-	22,000
200	158,796	200	-	-	158,796
<u>8,400</u>	<u>166,996</u>	<u>40,764</u>	<u>32,364</u>	-	<u>199,360</u>
<u>8,639</u>	<u>200,636</u>	<u>49,582</u>	<u>40,943</u>	-	<u>241,579</u>
<u>\$ 139,408</u>	<u>\$ 970,475</u>	<u>\$ 2,209,339</u>	<u>\$ 2,172,533</u>	<u>\$ 102,602</u>	<u>\$ 3,143,008</u>

See the accompanying notes to Schedule of Federal Assistance.

County of Alpena

NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

NOTE 1--SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying schedule of federal financial assistance includes the federal grant activity of the County of Alpena, Michigan and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies are included on the schedule.

For the audit period ended December 31, 2006 the County of Alpena, Michigan's dollar threshold for larger Federal programs, which were regarded as Type A programs, were programs with Federal awards expended during the audit period which exceeded \$300,000. All other Federal programs were regarded as Type B programs. No federal programs were considered to be high-risk and the determination was made that major programs were all Type A programs and additional Type B programs to encompass at least 25% of the total federal awards expended. During the year ended December 31, 2006, the County of Alpena, Michigan expended 32% of its total expenditures of Federal Awards programs audited as Major programs.

B. CFDA

This refers to the Catalog of Federal Domestic Assistance.

C. RECEIPTS

Current year receipts represent cash/payments-in-kind received from Federal sources during the period January 1, 2006 through December 31, 2006.

NOTE 2--MICHIGAN DEPARTMENT OF TRANSPORTATION PASS - THROUGH GRANTS

It is required by the Michigan Department of Transportation (MDOT) that Road Commissions report total federal awards for Highway, Research, Planning and Construction pertaining to their County. However, only the federal financial assistance applicable to force account expenditures is required to be audited for compliance under the Single Audit Act through Road Commission procurement. The reason for this requirement is that the Road Commission is required to have accounting and administrative control over the force account portion while the balance is administered by (MDOT).

During the year ended December 31, 2006, the Road Commission of the County of Alpena, Michigan had less than \$500,000 of applicable federal awards for local force expenditures. As a result, an audit for compliance under the Single Audit Act is not required.

During the year ended December 31, 2006, (MDOT) expended \$ 825,085 representing U.S. Department of Transportation Federal Highway grant money on public road improvements projects which were administered by the Michigan Department of Transportation. These expenditures are not included in the County of Alpena, Michigan's Schedule of Federal Financial Assistance for the year ended December 31, 2006.

County of Alpena

NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

NOTE 3--MICHIGAN DEPARTMENT OF TRANSPORTATION PASS - THROUGH GRANTS

It is required by the Michigan Department of Transportation (MDOT) that Airports report total federal awards for Small Community Air Service Development Pilot Program pertaining to their County. However, only the federal financial assistance applicable to force account expenditures is required to be audited for compliance under the Single Audit Act through Airport procurement. The reason for this requirement is that the Airport is required to have accounting and administrative control over the force account portion while the balance is administered by (MDOT).

During the year ended December 31, 2006, (MDOT) expended \$ 566,555 representing U.S. Department of Transportation Federal Small Community Air Service Development Pilot Program projects which were administered by the Michigan Department of Transportation. These expenditures are not included in the County of Alpena, Michigan's Schedule of Federal Financial Assistance for the year ended December 31, 2006.

During the year ended December 31, 2006, (MDOT) expended \$ 440,100 representing U.S. Department of Transportation Passenger Facility Charge Application projects for Airport Equipment which were administered by the Michigan Department of Transportation. These expenditures are not included in the County of Alpena, Michigan's Schedule of Federal Financial Assistance for the year ended December 31, 2006.

NOTE 4--MICHIGAN FAMILY INDEPENDENCE AGENCY/TITLE IV-D COOPERATIVE REIMBURSEMENT GRANTS

Grant funds received from the State of Michigan Department of Human Services for Child Support Enforcement CFDA # 93.563 are comprised of both federal and state revenue. The following is a summary of grant activity:

Contract Number	Net Expenditures	FIA IV-D Reimbursement			County Share
		Federal	State	Total	
CSFOC-05-04001	\$ 672,908	\$293,119	\$151,001	\$444,120	\$228,788
CSFOC-05-04001	16,623	-	16,623	16,623	-
CSFOC-06-04001	652,039	284,028	146,318	430,346	221,693
CSFOC-06-04001	7,202	-	7,202	7,202	-
CSFOC-07-04001	159,206	69,350	35,726	105,076	54,130
CSFOC-07-04001	7,119	-	7,119	7,119	-
CSPA-05-04002	67,083	29,207	15,046	44,253	22,830
CSPA-05-04002	674	-	674	674	-
CSPA-06-04002	17,678	7,701	3,967	11,668	6,010
CSPA-06-04002	625	-	625	625	-
Totals	\$1,601,157	\$683,405	\$384,301	\$1,067,706	\$533,451

County of Alpena

NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

NOTE 5--RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

Federal financial assistance revenues are reported in the County's basic financial statements as follows:

	<u>Federal Revenues</u>
General Fund	\$ 87,562
Special Revenue Funds:	
Airport	1,036,366
Housing Commission	146,680
H.U.N.T.	155,495
Component Units:	
Health Department	1,158,435
Road Commission	825,085
Friend of the Court	286,126
Family Division Court	<u>13,292</u>
Total Federal Revenues	<u>\$3,709,041</u>

NOTE 6--RECONCILIATION

Certain grants are comprised of both federal and state revenue. The percentage of this revenue mix varies from program to program and is not always easily identifiable. Consequently, certain federal grants may be classified as state grants in the general purpose financial statements. The following shows a reconciliation of revenues per the December 31, 2006 audited financial statements to expenditures per the Schedule of Federal Financial Assistance:

Federal Revenue as reported in the audited financial statements at December 31, 2006.	\$ 3,709,041
Alpena County Regional Airport Passenger Facility Charges not reported under the Single Audit.	(29,711)
Alpena County Regional Airport Federal Grants Funds administered by the Michigan Department of Transportation	(1,006,655)
Alpena County Road Commission Federal Grants Funds administered by the Michigan Department of Transportation.	(825,085)
Value of vaccine provided by the Michigan Department of Community Health not previously reported on the financial statements	338,044
Grant Funds previously reported as federal funds received from the Michigan Department of Human Services determined to be state funded grants.	<u>(13,101)</u>
Expenditures per Schedule of Federal Financial Assistance	<u>\$ 2,244,798</u>

County of Alpena

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2006

A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the financial statements of the County of Alpena, Michigan.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the County of Alpena, Michigan, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions in internal control over Major Programs are reported in the Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 and Supplementary Schedule of Federal Financial Assistance.
5. The Auditors' Report on Compliance for Major Programs expresses an unqualified opinion.
6. The Auditors' report disclosed no instances of findings relative to the major federal award programs required to be reported under OMB Circular A-133.
7. Programs tested as major programs:

Promoting Safe and Stable Families	CFDA #93.556
Temporary Assistance for Needy Families	CFDA #93.558
Child Support Enforcement	CFDA #93.563
8. The threshold for distinguishing Type A and Type B Programs was \$300,000.
9. The County of Alpena, Michigan was determined to be a low-risk auditee.

B. Summary of Findings Relating to the Financial Statements.

There were no findings relating to the financial statements which are required to be reported under generally accepted government auditing standards.

C. Findings and Questioned Costs of Major Federal Award Programs.

There were no findings or questioned costs related to the major federal award programs for the year ended December 31, 2006.

County of Alpena

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended December 31, 2006

There were no findings or questioned costs in the prior year.

County of Alpena

CORRECTIVE ACTION PLAN

For the year ended December 31, 2006

A Corrective Action Plan is not required since there are no findings or questioned costs.

County of Alpena

Schedule of Grant Number MSC 05-0756-HOA

Application of Community Development Block Grant Funds

For the Grant Period January 1, 2004 Through December 31, 2006

Activity	Approved Budget	Funds Expended To Date	Unexpended Balance
HO Rehabilitation	\$ 140,000	\$ 140,000	\$ -
HO Emergency Repair	24,000	24,000	-
Administrative	36,000	36,000	-
Total	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>